

ASSEMBLY BILL

No. 1379

Introduced by Assembly Member Granlund

February 26, 1999

An act to add Section 5064 to the Business and Professions Code, relating to accountancy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1379, as introduced, Granlund. Accountants: enrolled agents.

Existing law with respect to the practice of public accountancy authorizes any person enrolled to practice before the Internal Revenue Service and recognized as an enrolled agent to use the abbreviation "E.A."

This bill would require an enrolled agent when doing a compilation of financial data to use a specified letter.

Since a violation of relevant accountancy regulations is a misdemeanor, this bill would expand the scope of an existing crime and would thereby impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 5064 is added to the Business and
2 Professions Code, to read:

3 5064. Enrolled agents in good standing with the
4 United States Department of the Treasury and the Office
5 of the Director of Practice, when doing a compilation,
6 shall use the following letter:

7 “The accompanying Balance Sheet for (name) as of
8 (date) and the related Statement of Income for the
9 (period) then ended have been prepared by me in
10 accordance with the accounting principles of the Internal
11 Revenue Code and attendant Rules and Regulations.

12 “My engagement is limited to organizing in the form
13 of a tax basis financial statement the accounting and
14 financial data of management as reflected in its books and
15 records. Accordingly, the accompanying financial
16 statement is a representation of management. I can
17 undertake no responsibility for its accuracy.

18 “In my capacity as an Enrolled Agent, licensed by the
19 Treasury Department to practice before the Internal
20 Revenue Service, I declare I am not aware of any material
21 adjustments that need to be made to the accompanying
22 financial statement to bring it in conformity with the
23 accounting principles of the Internal Revenue Code.
24 (signed)”

25 SEC. 2. No reimbursement is required by this act
26 pursuant to Section 6 of Article XIII B of the California
27 Constitution because the only costs that may be incurred
28 by a local agency or school district will be incurred
29 because this act creates a new crime or infraction,
30 eliminates a crime or infraction, or changes the penalty
31 for a crime or infraction, within the meaning of Section
32 17556 of the Government Code, or changes the definition
33 of a crime within the meaning of Section 6 of Article
34 XIII B of the California Constitution.

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